Arizona Department of Administration

Office of Employment & Population Statistics
Employment Forecast

AZ.GOV
Arizona's Official Web Site

Nov 1, 2012

Arizona Employment Growth Continues on a Modest Track; Improvement in 2013

Introduction

The Office of Employment and Population Statistics (EPS) within the Arizona Department of Administration (ADOA) is forecasting gradual gains in Nonfarm employment in Arizona for the 2012-2013 projections time period. In comparison to the employment forecast released earlier in May, Nonfarm employment growth has been forecast to be slightly greater in both 2012 and 2013. An over-the-year gain of 51,200 Nonfarm jobs is expected in 2012 and 60,900 in 2013. The previous forecast in May was for a 47,000 job gain in 2012 and 55,800 in 2013. In the current forecast, the rate of growth projected for total Nonfarm employment is 2.1 percent in 2012 and 2.5 percent in 2013. A total of 112,200 Nonfarm jobs are forecast to be gained over the two projected years (2012 & 2013) (Table 1).

The overall employment situation in Arizona is improving. An initial increase in home prices in Arizona and some other states is a positive sign.

There are a number of factors that have helped the U.S. as well as Arizona economy gradually pickup and add jobs:

- Continued improvement in real Gross Domestic Product (GDP), real personal income at the state and national levels, employment, and retail sales.[1]
- Continued employment gains in the Private sector, increasing private domestic investment, gradual increase in the index of industrial production and rate of capacity utilization, high levels of corporate profit, a gradual resurgence in private residential construction permits.[2]
- Continued gradual climb in household

Table 1

Total Nonfarm Employment

Annual Average Growth Rate

	2011(a)	2012(b)	2013(b)
Arizona	1.0%	2.1%	2.5%
Phoenix MSA[1]	1.4%	2.6%	2.8%
Tucson MSA[2]	0.1%	0.6%	1.0%
Balance of State[3]	-0.3%	1.6%	2.3%

1) Maricopa and Pinal counties
2) Pima County
3) Arizona less Maricopa, Pinal, and Pima counties
a) Historical (BLS Current Employment Statistics)
b) Forecast

Table 1 shows the average annual growth rate in Total Nonfarm employment for Arizona, Phoenix MSA, Tucson MSA, and Balance of State. In 2012, all regions are forecast to have positive annual over-the-year growth rates in Nonfarm employment. Arizona is forecast to grow at 2.1% in 2012. Phoenix is expected to grow faster than the state at 2.6%. However, the projected growth rates for Tucson (0.6%) and the Balance of State (1.6%) are slower than the statewide and Phoenix MSA rates. The expected Nonfarm job gains in 2012 for the Phoenix MSA are 43,700 jobs, for Tucson MSA are 2,200 jobs, and for Balance of State are 5,300 jobs.

Growth rates in 2013 are expected to be higher than 2012 across all regions. Phoenix is forecast to continue growing at a faster pace (2.8%) than Tucson (1.0%), Balance of State (2.3%), and the state overall (2.5%). For 2013 the job gains forecast for Phoenix MSA are 49,300 jobs, Tucson MSA 3,600 jobs, and Balance of State 8,000 jobs. (See tables starting on page 8)

---

[1] See FRED graphs and data for the variables GDPC1, RPI, DSPIC96, AZOTOT, AZPCPI and RRSFS at the website http://research.stlouisfed.org/fred2/.

[2] See FRED graphs and data for the variables GPDIC96, INDPRO, TCU, MCUMFN, CP, PERMIT1, AZBPPRIV, PHOE004BPPRIV and PHOE004BP1FHSA at the website http://research.stlouisfed.org/fred2/.

net worth as the decline in U.S. home prices have slowed, a continued decline in the fraction of disposable income used for household debt payments, and continued growth in U.S. exports.

- Home prices have stabilized in Arizona and have begun to rise in the Phoenix metropolitan area. Residential real estate market in Arizona and Phoenix metropolitan area is showing an improvement as measured by various indicators.[3] These include rising levels of building permits.[4]
- While revolving consumer credit levels have remained flat, an expansion of non-revolving consumer credit since 2011 has served as an impetus to expanding economic activity. Consumer sentiment and consumer spending has shown signs of improvement.[5]

With an improving domestic economy and employment growth in the Private sector, consumers are expected to spend more as their incomes rise. Increased spending will generate further economic activity, creating a higher demand for goods and services. Outside of the U.S., the economies of Asia and Latin America are expected to grow at a slower pace during the forecast time period. These expanding foreign economies are projected to create growing demand for exports that are fabricated in the U.S. and Arizona.[6]

Although positive signs of economic improvement continue, there are some domestic factors that could dampen the growth of the local economy. However, the positive factors listed above outweigh the uncertainties in the sections described below in support of our forecast:

- Constrained budgets as well as economic and financial uncertainty for a large majority of households. Despite some job growth, many consumers in the U.S. continue to face employment insecurity, lower wages and benefits, high levels of debt, rising gasoline costs, and rising prices for essentials such as food, energy and healthcare that limits the amount of funds available for discretionary spending.[7] The most recent drought in the Midwestern states, an important agricultural region, has already sent food prices soaring in the U.S. and the rest the world.[8]
- Weak real estate markets in both the residential and commercial sectors could inhibit the overall economy. Signs of weakness include vacant properties, non-performing loans, under water mortgages and continued home mortgage foreclosures. The residential real estate market although in the beginning stages of a gradual recovery is showing more signs of a recovery than the commercial real estate market. [9]
- Business reluctance to invest despite high levels of corporate profits and cash reserves as a consequence of demand uncertainty.[10]

---

[3] See FRED graphs and data for the variables TNWBSHNO, TABSHNOHABSHNO, OEHRENWBSHNO, TLBSHNO, HMLBSHNO, HCCSDODNS, HHMSDODNS, USSTHPI, AZSTHPI, PHXRNSA, TDSP and EXPGSC1 at the website http://research.stlouisfed.org/fred2/.

[4] See FRED graphs and data for the variables PRRESCONS, PRFI and PRFIC96 at the website http://research.stlouisfed.org/fred2/.

[5] See FRED graphs and data for the variables REVOLSL, NONREVSL, UMCSENT and PCEC96 at the website http://research.stlouisfed.org/fred2/.

[6] See (a) IHS Global Insight U.S. Forecast for September and October 2012.

(b) Wells Fargo Economics Group. Monthly Outlook. October 10, 2012. at the website www.wellsfargo.com/com/research/economics.
(c) Wells Fargo Economics Group. Special Commentary. Global Chartbook: September 2012, Dailing Back Expectations for the Global Economy. September 17, 2012. at the website www.wellsfargo.com/com/research/economics.

[7] See (a) Global Insight U.S. Forecast for September 2012. www.wellsfargo.com/com/research/economics.
(b) Wells Fargo Economics Group Monthly Outlook. October 10, 2012.

[8] See (a)The Guardian. World Food Prices Near Crisis Levels. October 5, 2012. at the website www.guardian.co.uk.
(b) The Guardian. The Drought Will Bring About Higher Food Prices, U.S. Warns. July 26, 2012. at the website www.guardian.co.uk.

[9] See (a) Wells Fargo Economics Group. Special Commentary. Housing Data Wrap-Up: October 2012. October 29, 2012. at the website www.wellsfargo.com/com/research/economics.
(b)Wells Fargo Economics Group.Special Commentary. Housing Chartbook: September 2012. October 2, 2012. at the website www.wellsfargo.com/com/research/economics.
(c) Wells Fargo Economics Group.Special Commentary. Commercial Real Estate Chartbook: Quarter 2. September 6, 2012. at the website www.wellsfargo.com/com/research/economics.

[10] The high level of corporate cash reserves are discussed in these two sources: a. Back to Business as Usual? Or a Fiscal Boost?. April 2012. Dimitri B. Papadimitriou, Greg Hannsgen and Gennaro Zezza. Strategeic Analysis. Levy Economics Institute of Bard College. www.levyinstitute.org.; and b. As Layoffs Rise, Stock Buybacks Consume Cash. November 21, 2011. N.D. Schwartz. The New York Times. www.nytimes.com.

- Public sector fiscal consolidation through spending reductions and tax increases to reduce debts could have a bearing on the growth of the economy. The impending "fiscal cliff", the conundrum that the U.S. government will face at the end of 2012, when the terms of the Budget Control Act of 2011 are scheduled to go into effect. According to a pre-arranged legislative agreement schedule spending will be reduced and taxes will rise to reduce the federal government deficit and debt levels. Spending is scheduled to be reduced in both civilian and military programs. Tax cuts are scheduled to expire and new taxes have been legislated to begin soon in 2013. Reduced spending and increased taxes is expected to lower the level of aggregate demand in the U.S. economy and slow the rate of economic and employment growth.[11]
- Besides the federal government, state and local governments continue to have budget problems. Many state and local governments have recently been using increases in tax revenues to build up emergency reserve funds to deal with any future economic downturns and have not been increasing their levels of spending.[12]

In addition to the factors listed above there is some uncertainty on the international front:

- Debt repayment problems in the Euro Monetary Zone economies, and economic contraction. Countries in the Euro Monetary Zone serve as an important market for U.S. exports. They also serve as a source of foreign investment funds for U.S. financial markets. U.S. investments in European banks could run the risk of devaluation and default in a recession. However, news of proposed European Central Bank support for sovereign debt reduces the risk. Although trade with Arizona is limited, it exposes the U.S. to the risk of European financial and economic problems. [13]

- Potential international military conflict in the Persian Gulf with Iran. A military conflict could disrupt the flow of oil out of the Persian Gulf and the Middle East, restrict the global supply of petroleum, further increase gasoline prices and restrict economic activity around the world.

- Economic growth is slowing in the People's Republic of China (PRC) resulting from a reduced pace of expansion in China's export markets. The Chinese government is beginning the process of changing the structure of the Chinese mainland economy from being driven by low value added goods for export to Europe, U.S., and the rest of the world to more value added manufactured goods using higher technology and higher skilled labor for their internal demand.[14] This could create a new middle class dependent on U.S. imports. In the short run, the magnitude of the impact of the slowdown in China is not certain.

---

[11] See (a) Global Insight U.S. Forecast Reports for September and October 2012
(b)Wells Fargo Economics Group. Monthly Outlook. October 2, 2012. at the website www.wellsfargo.com/com/research/economics
(c) Wells Fargo Economics Group. Special Commentary. U.S. Fiscal Primer: The Deficit and Debt. AugU.S.t 1, 2012. at the website www.wellsfargo.com/com/research/economics

[12] See (a) Global Insight U.S. Forecast Reports for September and October 2012
(b) Wells Fargo Economics Group. Local Budgets Under Pressure: A Fiscal Outlook. September 25, 2012. at the website www.wellsfargo.com/com/research/economics
(c) Robert Pollin and Jeffrey Thompson. June 2011. Fighting AU.S.terity and Reclaiming a Future for State and Local Governments. Political Economy Research Institute (PERI) at the University of Massachusetts at Amherst. Working Paper Series #259. at the website http://www.peri.umass.edu/
(c) P. Oliff, C. Mai and V. Palcios. June 27, 2012. States Continue to Feel Recession's Impact. Center on Budget and Policy Priorities. at the website www.cbpp.org.
(d) E. McNichol. April 18, 2012. Out of Balance: Cuts in Services Have Been States' Primary Response to Budget Gaps, Harming the Nation's Economy. Center on Budget and Policy Priorities. at the website www.cbpp.org. (e) Center on Budget and Policy Priorities. March 28, 2012. Policy Basics: Where Do Our State Tax Dollars Go?. at the website www.cbpp.org.

[13] See (a) Global Insight US Forecast for September and October 2012
(b) Wells Fargo Economics Group. Special Commentary: US States Grapple with Europe's Woes. July 19, 2012. at the website www.wellsfargo.com/com/research/economics
(c) Wells Fargo Economics Group. Monthly Outlook. October 10, 2012. at the website www.wellsfargo.com/com/research/economics.

[14] See (a) Global Insight U.S. Forecast for September and October 2012
(b) Wells Fargo Economics Group. Monthly Outlook. October 12, 2012. at the website www.wellsfargo.com/com/research/economics.

Arizona Industry Employment Projections (2011 – 2013)

Table 2 describes the average over-the-year percentage change for each sector for 2011, 2012, and 2013 where 2011 is the base year and 2012 and 2013 are forecast years. For the 2011 – 2013 projections time period, job gains are projected in all major sectors of the Arizona economy with the exception of one sector. This indicates a gradual increasing momentum in employment gains in 2012 and 2013 compared to 2011. **Figure 1** (next page) describes the sectors of the Arizona economy and the projected gains in employment from 2011 to 2013. **Figure 2** describes job gains by percent for all sectors.

For the 2011 to 2013 forecast time period, the major sectors with the largest projected employment gains include: Professional and Business Services (21,500 jobs); Educational and Health Services (20,400 jobs); Trade, Transportation and Utilities (19,900 jobs); Leisure and Hospitality (18,100 jobs); and Construction (13,100 jobs). The smallest forecast gains are in the major sectors of Information (200 jobs) and Natural Resources and Mining (300 jobs). The only major sector with a projected loss in employment for 2011 to 2013 is Other Services (2,500 jobs).

During the two-year forecast time period, the major industry sectors with the most rapid rate of job gains include: Construction (11.8 percent); Leisure and Hospitality (7.0 percent); Professional and Business Services (6.3 percent); Financial Activities (6.2 percent); and Educational and Health Services (5.7 percent);. The slowest gains are projected in the major sectors of Information (0.7 percent) and Government (1.4 percent). Other Services is the only major sector with forecast job losses (-2.7 percent).

Table 2

Arizona Sector Employment

Average Annual Over-the-Year Change

	2011[(a)]	2012[(b)]	2013[(b)]
Total Nonfarm	**1.0%**	**2.1%**	**2.5%**
Construction	0.2%	5.5%	5.9%
Leisure & Hospitality	2.0%	3.3%	3.5%
Profess &Business Services	1.1%	2.9%	3.3%
Financial Activities	1.3%	3.0%	3.1%
Educational & Health Svcs	2.9%	2.7%	2.9%
Trade, Trans. & Utilities	1.0%	2.0%	2.2%
Manufacturing	0.8%	1.4%	1.9%
Government	-1.4%	0.5%	0.9%
Information	0.5%	0.0%	0.8%
Natural Resources & Mining	6.4%	1.9%	0.4%
Other Services	1.6%	-1.8%	-1.0%

a) Historical (BLS Current Employment Statistics)
b) Forecast

Professional and Business Services (PBS): The PBS sector is projected to have an increase of 9,800 jobs (2.9 percent) in 2012 and 11,700 jobs (3.3 percent) in 2013. The sub-sectors with the largest projected job gains over the projection period include Employment Services, Services to Buildings and Dwellings and Professional, Scientific and Technical Services. Business firms are expected to hire contingent labor as a lower cost means to expand output during the early, uncertain stages of an economic recovery. Management and Business Support Services are the sub-sectors with forecast job losses. A continued need to control costs and minimize expenditures is the cause of the projected employment decreases in Management and Business Support services.

Educational and Health Services (EHS): The EHS sector is forecast to gain 9,700 jobs (2.7 percent) in 2012 and 10,800 jobs (2.9 percent) in 2013. The largest projected increases in employment are forecast in the sub-sectors of Ambulatory Health Services and Hospitals. Government spending reductions have the potential to severely curtail growth in the healthcare sectors. Private Educational Services are the sub-sectors with the smallest projected gains in employment as a result of more people leaving school to re-enter the workforce in an improving economy.

Figure 1

2011 to 2013 Job Gains by Sector, in thousands

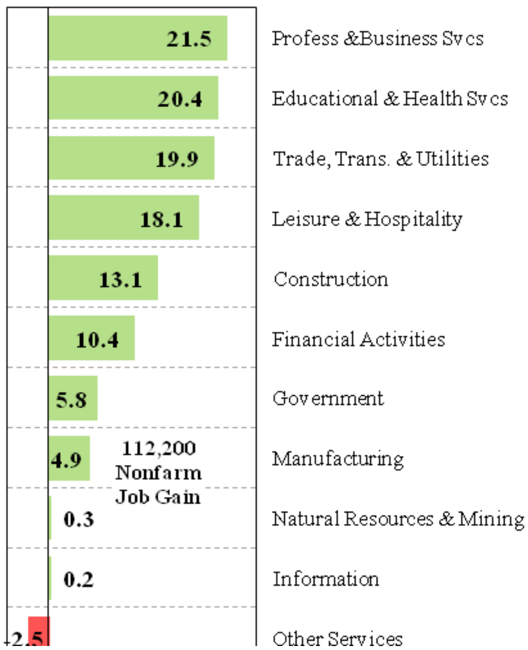
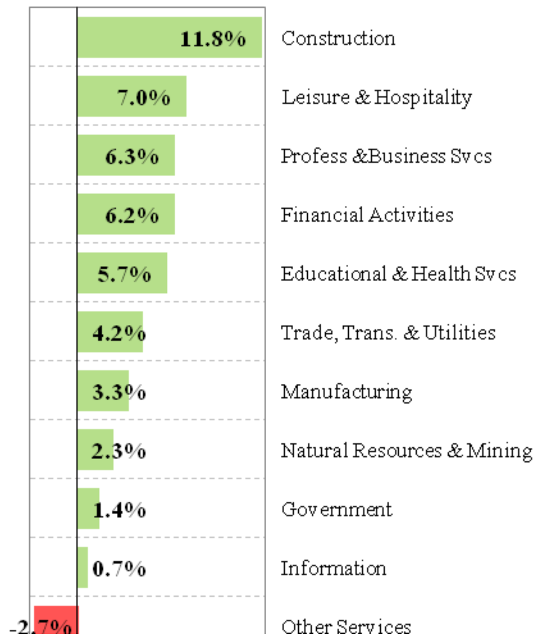


Figure 2

2011 to 2013 Job Gains by Sector, percentage



Trade, Transportation and Utilities (TTU): The TTU sector is forecast to gain 9,300 jobs (2.0 percent) in 2012 and 10,500 jobs (2.2 percent) in 2013. The order of sub-sectors with the largest to smallest forecast gains include: Retail Trade; Transportation, Warehousing and Utilities; and Wholesale Trade. In the Retail Trade sub-sectors, Food and Beverage stores along with Motor Vehicles and Parts Dealers subsectors have the largest projected increases in employment. Improving consumer finances is anticipated to increase consumer spending and, therefore, contribute to job gains in Retail Trade. In the Transportation, Warehousing and Utilities sub-sectors, Truck Transportation is forecast to have the largest job gains. Increases in employment are projected across most other sub-sectors including Air Transportation and Utilities.

Leisure and Hospitality (L&H): The L&H sector is projected to have an increase of 8,600 jobs (3.3 percent) in 2012 and 9,500 jobs (3.5 percent) in 2013. The sub-sectors with the largest projected job gains are Food Services and Drinking Places and Arts, Entertainment and Recreation. Despite a projected increase in employment from 2012 to 2013, Accommodations has a slight forecasted loss in jobs for 2012. Growing demand for domestic and international tourism is projected to bolster employment in the Leisure and Hospitality sectors.

Construction: This sector is forecast to gain 6,100 jobs (5.5 percent) in 2012 and 7,000 jobs (5.9 percent) in 2013. The largest forecast job gains from 2011 to 2013 are in the sub-sectors of Specialty Trades followed by Heavy and Civil Engineering Construction. Building construction is the only sub-sector with projected job losses. Repair and maintenance activities along with new infrastructure projects such as the expansion of light rail in Phoenix are expected to bolster employment in Specialty Trades and Heavy and Civil Engineering Construction sub-sectors. The vacant properties in residential and commercial real estate are anticipated to stop the growth of employment in Building Construction sub-sectors.

Financial Activities (FA): This sector is projected to have an employment increase of 5,000 jobs (3.0 percent) in 2012 and 5,400 jobs (3.1 percent) in 2013. During the 2011 to 2013 forecast time frame, the sub-sectors with the largest projected gains in employment are: Credit Intermediation and Monetary Authorities; Real estate, Rental and Leasing; and Securities, Commodities Contracts and Investments. Insurance, Funds and Trusts also has projected job gains.

Government: This sector is forecast to gain 2,000 jobs (0.5 percent) in 2012 and 3,800 jobs (0.9 percent) in 2013. The majority of projected increases in employment from 2011 to 2013 are in the sub-sectors of public education at the State and Local government levels. Slight job gains are also forecast for the non-education sectors of local government. However, job losses are projected for the Federal government and non-education sectors of State government.

Manufacturing: This sector is projected have an employment increase of 2,000 jobs (1.4 percent) in 2012 and 2,900 jobs (1.9 percent) in 2013. From 2011 to 2013, job gains are forecast across most Durable Goods sectors including Fabricated Metals, Aerospace and Computer and Electronic products and Non-Durable goods. However, job losses are projected in the unreported Durable goods sectors.

Natural Resources and Mining (NRM): The NRM sector is forecast to gain 200 jobs (1.9 percent) in 2012 and less than 50 jobs (0.4 percent) in 2013. From 2011 to 2013, slowing job gains are projected in Metal Ore Mining sub-sectors as a consequence of slowing economic growth in Asia and an emerging recession in Europe. Reductions in employment levels are forecast in the Non-Metal Ore Mining sub-sectors of NRM.

Information: This sector is projected to have a decrease in employment of 100 jobs (-0.1 percent) in 2012 and an increase in employment of 300 jobs (0.8 percent) in 2013. During the 2011 to 2013 projections time frame, slowing job losses are forecast in the Telecommunications sub-sectors. However, accelerating job gains are projected in the Non-Telecommunications sub-sectors.

Other Services (OS): OS is forecast to lose 1,600 jobs (-1.8 percent) in 2012 and 900 jobs (-1.0 percent) in 2013. Increased employment insecurity, reduced wages and benefits, large levels of consumer and mortgage debt and rising food, energy and healthcare costs have resulted in retrenchment of consumer spending towards establishments primarily engaged in raising funds for a wide range of social welfare activities. These establishments include foundations or charitable trusts, religious, professional, and civic organizations etc. These projected reductions in employment reflect that.

Conclusion

Arizona is projected to gain 112,200 Nonfarm jobs, representing a growth rate of 4.7 percent, over the two projected years of 2012 and 2013. An over-the-year gain of 51,200 jobs is projected in 2012 and 60,900 jobs in 2013. The rate of growth projected for Nonfarm employment is 2.1 percent in 2012 and 2.5 percent in 2013.

All sectors of the Arizona economy are projected to gain jobs during the 2011-2013 forecast time period with the exception of Other Services sector. For the 2011 to 2013 forecast time period, the major sectors with the largest projected employment gains include: Professional and Business Services (21,500 jobs); Educational and Health Services (20,400 jobs); Trade, Transportation and Utilities (19,900 jobs); Leisure and Hospitality (18,100 jobs); and Construction (13,100 jobs). The sectors with the highest rates of growth in Nonfarm employment are Construction (11.8 percent); Leisure and Hospitality (7.0 percent); Professional and Business Services (6.3 percent); Financial Activities (6.2 percent); and Educational and Health Services (5.7 percent).

There are risks that could add uncertainty to the forecast. Rising food and petroleum prices could absorb a greater fraction of household spending, leaving less disposable income. A potential military conflict in the

Persian Gulf over Iran could disrupt supplies of petroleum, sending prices spiraling and disrupting economic activity all over the globe. The public debt crisis in the Euro Monetary Zone has the potential to depress economic activity and European demand for exports, thus contributing to a slowing of economic growth in many parts of the world. Economic growth is slowing in the People's Republic of China (PRC) which would reduce imports from the U.S. In the domestic economy, constrained federal, state, and local budget, and the imminent "fiscal cliff" could potentially inhibit the growth of demand for goods and services. Continued weakness in the commercial and residential real estate markets could pose additional risks.

There are many positive indicators suggesting improvement in the overall economy as measured by various economic indicators such as GDP, employment, industrial production, wholesale and retail sales, capacity utilization rate, household net worth, rising income levels, increasing consumer spending, gradual improvements in residential real estate markets, increasing levels of private domestic investment, etc. However there are also risks associated with uncertainties as mentioned above. Overall, with Nonfarm employment gains projected across ten of the eleven major sectors in 2011-2013, this forecast suggests that the positives outweigh the risks.

This document is a semi-annual deliverable of the Office of Employment and Population Statistics funded under the Workforce Information Core Products and Services Grant from the U.S Department of Labor, Employment and Training Administration.

Arizona Employment Forecast

(In Thousands)

	Historical			Forecast	
	2009	2010	2011	2012	2013
Total Nonfarm Employment	2429.2	2382.0	2405.5	2456.7	2517.7
Numerical Change	*-190.3*	*-47.2*	*23.5*	*51.2*	*60.9*
Percent Change	*-7.3%*	*-1.9%*	*1.0%*	*2.1%*	*2.5%*
Manufacturing	153.8	148.5	149.7	151.7	154.6
Numerical Change	*-19.3*	*-5.3*	*1.2*	*2.0*	*2.9*
Percent Change	*-11.1%*	*-3.4%*	*0.8%*	*1.4%*	*1.9%*
Natural Resources & Mining	11.1	10.9	11.6	11.8	11.9
Numerical Change	*-2.4*	*-0.2*	*0.7*	*0.2*	*0.0*
Percent Change	*-17.8%*	*-1.8%*	*6.4%*	*1.9%*	*0.4%*
Construction	128.7	111.5	111.7	117.8	124.8
Numerical Change	*-57.4*	*-17.2*	*0.2*	*6.1*	*7.0*
Percent Change	*-30.8%*	*-13.4%*	*0.2%*	*5.5%*	*5.9%*
Trade, Transportation, & Utilities	478.4	467.8	472.6	481.9	492.5
Numerical Change	*-38.4*	*-10.6*	*4.8*	*9.3*	*10.5*
Percent Change	*-7.4%*	*-2.2%*	*1.0%*	*2.0%*	*2.2%*
Information	38.0	36.4	36.6	36.5	36.8
Numerical Change	*-2.9*	*-1.6*	*0.2*	*-0.1*	*0.3*
Percent Change	*-7.1%*	*-4.2%*	*0.5%*	*-0.1%*	*0.8%*
Financial Activities	166.7	163.8	166.0	171.0	176.4
Numerical Change	*-8.6*	*-2.9*	*2.2*	*5.0*	*5.4*
Percent Change	*-4.9%*	*-1.7%*	*1.3%*	*3.0%*	*3.1%*
Professional & Business Services	346.1	339.8	343.4	353.2	364.9
Numerical Change	*-41.0*	*-6.3*	*3.6*	*9.8*	*11.7*
Percent Change	*-10.6%*	*-1.8%*	*1.1%*	*2.9%*	*3.3%*
Educational & Health Services	333.9	344.8	354.9	364.6	375.3
Numerical Change	*9.9*	*10.9*	*10.1*	*9.7*	*10.8*
Percent Change	*3.1%*	*3.3%*	*2.9%*	*2.7%*	*2.9%*
Leisure & Hospitality	256.0	253.9	259.1	267.7	277.2
Numerical Change	*-14.2*	*-2.1*	*5.2*	*8.6*	*9.5*
Percent Change	*-5.3%*	*-0.8%*	*2.0%*	*3.3%*	*3.5%*
Other Services	93.4	88.2	89.6	88.0	87.1
Numerical Change	*-7.0*	*-5.2*	*1.4*	*-1.6*	*-0.9*
Percent Change	*-7.0%*	*-5.6%*	*1.6%*	*-1.8%*	*-1.0%*
Government	423.0	416.3	410.4	412.4	416.2
Numerical Change	*-9.3*	*-6.7*	*-5.9*	*2.0*	*3.8*
Percent Change	*-2.2%*	*-1.6%*	*-1.4%*	*0.5%*	*0.9%*

Note - All figures are annual averages rounded to the nearest tenth for percentage change or the nearest hundred for employment.
Numerical change and percent change are based on the difference from the previous year's annual average employment.

Phoenix-Mesa-Glendale* MSA Employment Forecast

(In Thousands)

	Historical			Forecast	
	2009	2010	2011	2012	2013
Total Nonfarm Employment	1722.2	1688.9	1712.8	1756.5	1805.9
Numerical Change	*-147.4*	*-33.3*	*23.9*	*43.7*	*49.3*
Percent Change	*-7.9%*	*-1.9%*	*1.4%*	*2.6%*	*2.8%*
Manufacturing	114.9	110.7	112.1	113.6	115.5
Numerical Change	*-14.8*	*-4.2*	*1.4*	*1.5*	*2.0*
Percent Change	*-11.4%*	*-3.7%*	*1.3%*	*1.3%*	*1.7%*
Natural Resources & Mining	3.1	3.0	3.2	3.2	3.2
Numerical Change	*-0.7*	*-0.1*	*0.2*	*0.0*	*0.0*
Percent Change	*-18.4%*	*-3.2%*	*6.7%*	*1.0%*	*0.0%*
Construction	96.0	82.4	82.9	87.7	93.0
Numerical Change	*-43.4*	*-13.6*	*0.5*	*4.8*	*5.3*
Percent Change	*-31.1%*	*-14.2%*	*0.6%*	*5.8%*	*6.0%*
Trade, Transportation, & Utilities	354.3	345.9	350.2	358.2	366.6
Numerical Change	*-29.4*	*-8.4*	*4.3*	*8.0*	*8.4*
Percent Change	*-7.7%*	*-2.4%*	*1.2%*	*2.3%*	*2.4%*
Information	28.9	27.4	27.8	28.1	28.6
Numerical Change	*-2.3*	*-1.5*	*0.4*	*0.3*	*0.5*
Percent Change	*-7.4%*	*-5.2%*	*1.5%*	*1.0%*	*1.7%*
Financial Activities	139.6	137.4	140.2	144.9	149.7
Numerical Change	*-7.7*	*-2.2*	*2.8*	*4.7*	*4.9*
Percent Change	*-5.2%*	*-1.6%*	*2.0%*	*3.3%*	*3.4%*
Professional & Business Services	275.0	270.7	274.9	283.3	293.2
Numerical Change	*-34.5*	*-4.3*	*4.2*	*8.4*	*9.9*
Percent Change	*-11.1%*	*-1.6%*	*1.6%*	*3.1%*	*3.5%*
Educational & Health Services	228.6	239.1	247.9	255.5	263.9
Numerical Change	*7.4*	*10.5*	*8.8*	*7.6*	*8.4*
Percent Change	*3.3%*	*4.6%*	*3.7%*	*3.1%*	*3.3%*
Leisure & Hospitality	174.5	173.4	177.8	184.6	191.9
Numerical Change	*-10.1*	*-1.1*	*4.4*	*6.8*	*7.2*
Percent Change	*-5.5%*	*-0.6%*	*2.5%*	*3.8%*	*3.9%*
Other Services	68.2	64.0	65.1	64.3	63.9
Numerical Change	*-5.2*	*-4.2*	*1.1*	*-0.8*	*-0.4*
Percent Change	*-7.1%*	*-6.2%*	*1.7%*	*-1.2%*	*-0.6%*
Government	239.2	234.8	230.7	233.1	236.3
Numerical Change	*-6.8*	*-4.4*	*-4.1*	*2.4*	*3.1*
Percent Change	*-2.8%*	*-1.8%*	*-1.7%*	*1.1%*	*1.3%*

Note - All calculations are based on actual figures and then rounded to the nearest tenth for percentage change or the nearest hundred for employment.

*Phoenix-Mesa-Glendale MSA includes all of Maricopa and Pinal Counties

Tucson MSA Employment Forecast

(In Thousands)

	Historical			Forecast	
	2009	2010	2011	2012	2013
Total Nonfarm Employment	361.8	354.1	354.6	356.8	360.4
Numerical Change	*-19.7*	*-7.7*	*0.5*	*2.2*	*3.6*
Percent Change	*-5.2%*	*-2.1%*	*0.1%*	*0.6%*	*1.0%*
Manufacturing	25.1	24.0	23.4	23.4	23.7
Numerical Change	*-2.1*	*-1.1*	*-0.6*	*0.0*	*0.2*
Percent Change	*-7.7%*	*-4.4%*	*-2.5%*	*0.2%*	*1.0%*
Natural Resources & Mining	1.7	1.8	1.9	1.9	1.9
Numerical Change	*-0.2*	*0.1*	*0.1*	*0.0*	*0.0*
Percent Change	*-10.5%*	*5.9%*	*5.6%*	*1.5%*	*0.0%*
Construction	16.6	15.0	15.4	15.4	15.5
Numerical Change	*-6.2*	*-1.6*	*0.4*	*0.0*	*0.1*
Percent Change	*-27.2%*	*-9.6%*	*2.7%*	*0.0%*	*0.9%*
Trade, Transportation, & Utilities	58.2	56.6	56.5	56.3	56.4
Numerical Change	*-4.5*	*-1.6*	*-0.1*	*-0.2*	*0.1*
Percent Change	*-7.2%*	*-2.7%*	*-0.2%*	*-0.3%*	*0.1%*
Information	4.7	4.3	4.1	3.9	3.7
Numerical Change	*-0.6*	*-0.4*	*-0.2*	*-0.2*	*-0.2*
Percent Change	*-11.3%*	*-8.5%*	*-4.7%*	*-6.0%*	*-4.0%*
Financial Activities	17.5	17.6	17.4	17.5	17.8
Numerical Change	*0.3*	*0.1*	*-0.2*	*0.1*	*0.3*
Percent Change	*1.7%*	*0.6%*	*-1.1%*	*0.5%*	*1.7%*
Professional & Business Services	47.1	45.7	46.0	46.3	46.7
Numerical Change	*-4.3*	*-1.4*	*0.3*	*0.3*	*0.4*
Percent Change	*-8.4%*	*-3.0%*	*0.7%*	*0.7%*	*0.9%*
Educational & Health Services	58.5	58.3	59.2	60.5	61.9
Numerical Change	*1.4*	*-0.2*	*0.9*	*1.3*	*1.4*
Percent Change	*2.5%*	*-0.3%*	*1.5%*	*2.2%*	*2.4%*
Leisure & Hospitality	38.7	38.1	39.6	40.5	41.6
Numerical Change	*-1.7*	*-0.6*	*1.5*	*0.9*	*1.1*
Percent Change	*-4.2%*	*-1.6%*	*3.9%*	*2.4%*	*2.6%*
Other Services	14.7	14.3	14.4	14.3	14.2
Numerical Change	*-1.0*	*-0.4*	*0.1*	*-0.1*	*-0.1*
Percent Change	*-6.4%*	*-2.7%*	*0.7%*	*-1.0%*	*-0.5%*
Government	79.1	78.2	76.7	76.8	77.0
Numerical Change	*-0.7*	*-0.9*	*-1.5*	*0.1*	*0.2*
Percent Change	*-0.9%*	*-1.1%*	*-1.9%*	*0.1%*	*0.2%*

Note - All calculations are based on actual figures and then rounded to the nearest tenth for percentage change or the nearest hundred for employment.

*Tucson MSA includes all of Pima County

Balance of State* Employment Forecast

(In Thousands)

	Historical 2009	2010	2011	Forecast 2012	2013
Total Nonfarm Employment	345.2	339.0	338.1	343.4	351.4
Numerical Change	*-23.2*	*-6.2*	*-0.9*	*5.3*	*8.0*
Percent Change	*-6.3%*	*-1.8%*	*-0.3%*	*1.6%*	*2.3%*
Manufacturing	13.8	13.8	14.2	14.7	15.4
Numerical Change	*-2.4*	*0.0*	*0.4*	*0.5*	*0.7*
Percent Change	*-14.8%*	*0.0%*	*2.9%*	*3.5%*	*4.8%*
Natural Resources & Mining	6.3	6.1	6.5	6.7	6.7
Numerical Change	*-1.5*	*-0.2*	*0.4*	*0.2*	*0.0*
Percent Change	*-19.2%*	*-3.2%*	*6.6%*	*2.5%*	*0.7%*
Construction	16.1	14.1	13.4	14.7	16.3
Numerical Change	*-7.8*	*-2.0*	*-0.7*	*1.3*	*1.6*
Percent Change	*-32.6%*	*-12.4%*	*-5.0%*	*9.9%*	*10.9%*
Trade, Transportation, & Utilities	65.9	65.3	65.9	67.5	69.5
Numerical Change	*-4.5*	*-0.6*	*0.6*	*1.6*	*2.0*
Percent Change	*-6.4%*	*-0.9%*	*0.9%*	*2.4%*	*3.0%*
Information	4.4	4.7	4.7	4.6	4.6
Numerical Change	*0.0*	*0.3*	*0.0*	*-0.1*	*0.0*
Percent Change	*0.0%*	*6.8%*	*0.0%*	*-1.8%*	*-0.6%*
Financial Activities	9.6	8.8	8.4	8.6	8.8
Numerical Change	*-1.2*	*-0.8*	*-0.4*	*0.2*	*0.2*
Percent Change	*-11.1%*	*-8.3%*	*-4.5%*	*2.5%*	*2.6%*
Professional & Business Services	24.0	23.4	22.5	23.6	24.9
Numerical Change	*-2.2*	*-0.6*	*-0.9*	*1.1*	*1.3*
Percent Change	*-8.4%*	*-2.5%*	*-3.8%*	*4.8%*	*5.6%*
Educational & Health Services	46.8	47.4	47.8	48.6	49.5
Numerical Change	*1.1*	*0.6*	*0.4*	*0.8*	*0.9*
Percent Change	*2.4%*	*1.3%*	*0.8%*	*1.6%*	*1.8%*
Leisure & Hospitality	42.8	42.4	41.7	42.5	43.7
Numerical Change	*-2.4*	*-0.4*	*-0.7*	*0.8*	*1.2*
Percent Change	*-5.3%*	*-0.9%*	*-1.7%*	*1.9%*	*2.8%*
Other Services	10.5	9.9	10.1	9.4	9.0
Numerical Change	*-0.8*	*-0.6*	*0.2*	*-0.7*	*-0.4*
Percent Change	*-7.1%*	*-5.7%*	*2.0%*	*-6.5%*	*-4.5%*
Government	104.7	103.3	103.0	102.5	103.0
Numerical Change	*-1.8*	*-1.4*	*-0.3*	*-0.5*	*0.5*
Percent Change	*-1.7%*	*-1.3%*	*-0.3%*	*-0.5%*	*0.5%*

Note - All calculations are based on actual figures and then rounded to the nearest tenth for percentage change or the nearest hundred for employment.

*Balance of state includes all areas in Arizona outside of the Phoenix and Tucson Metro areas (MSAs)

Figure 3

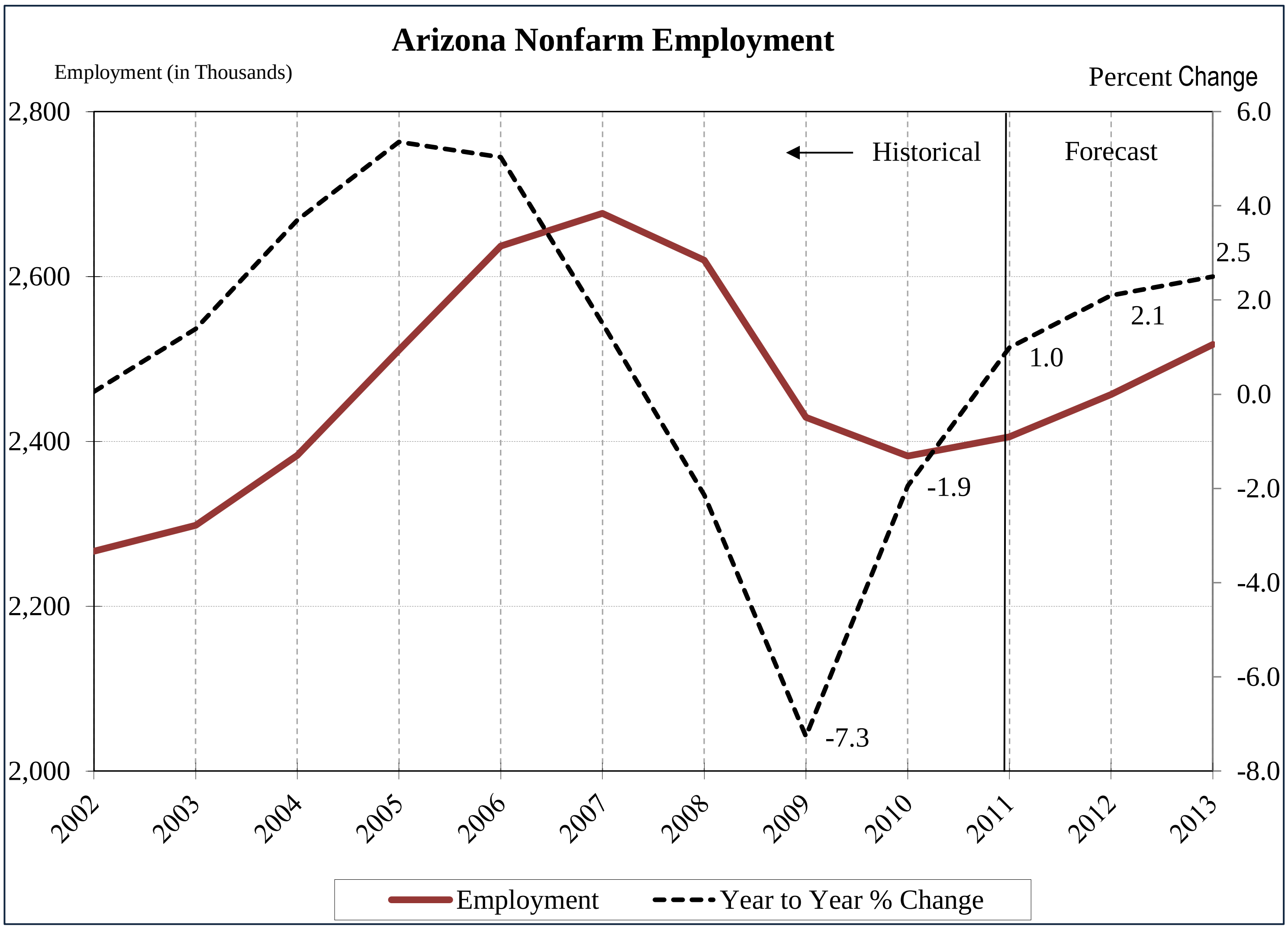


Figure 4

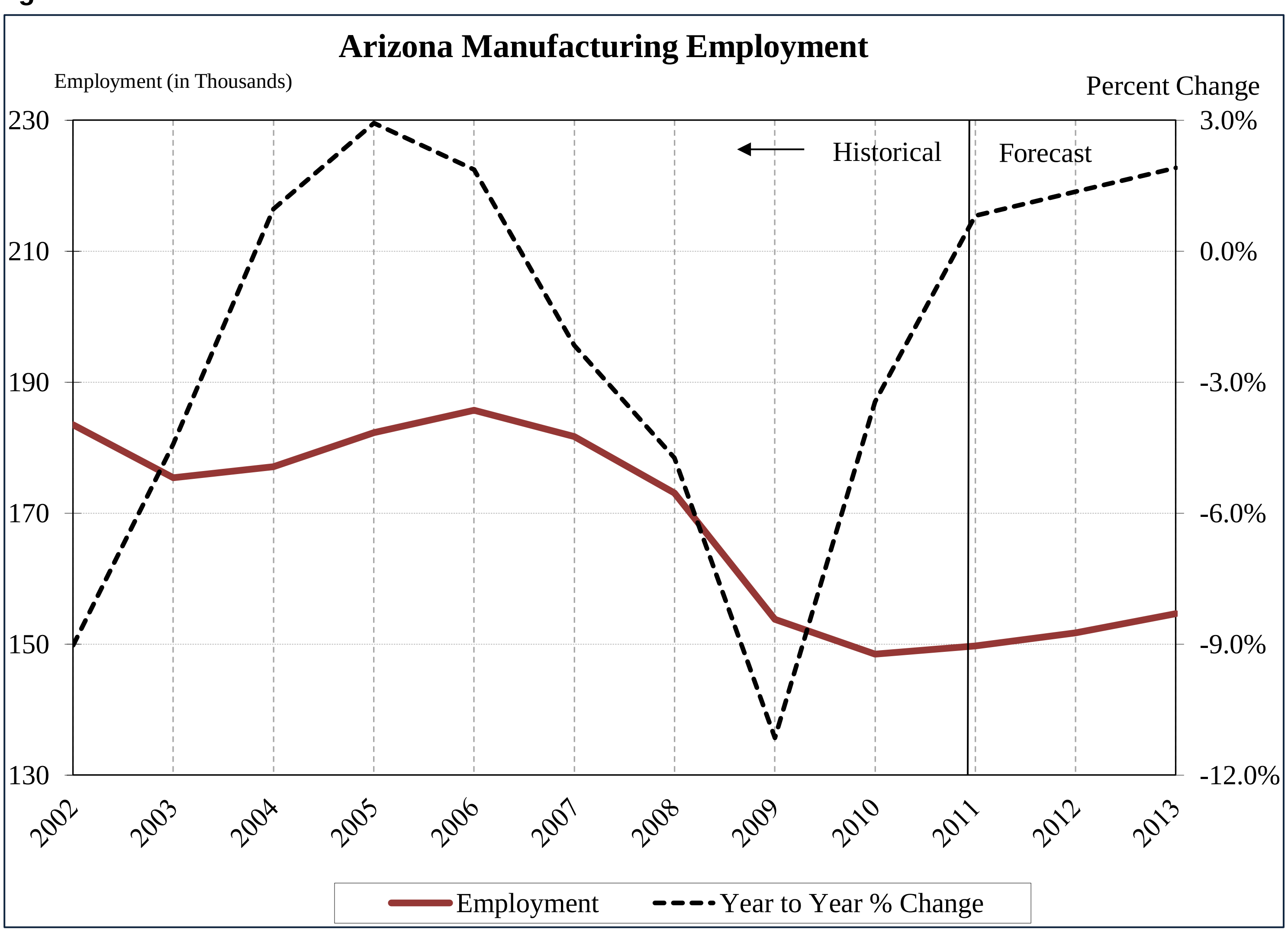


Figure 5

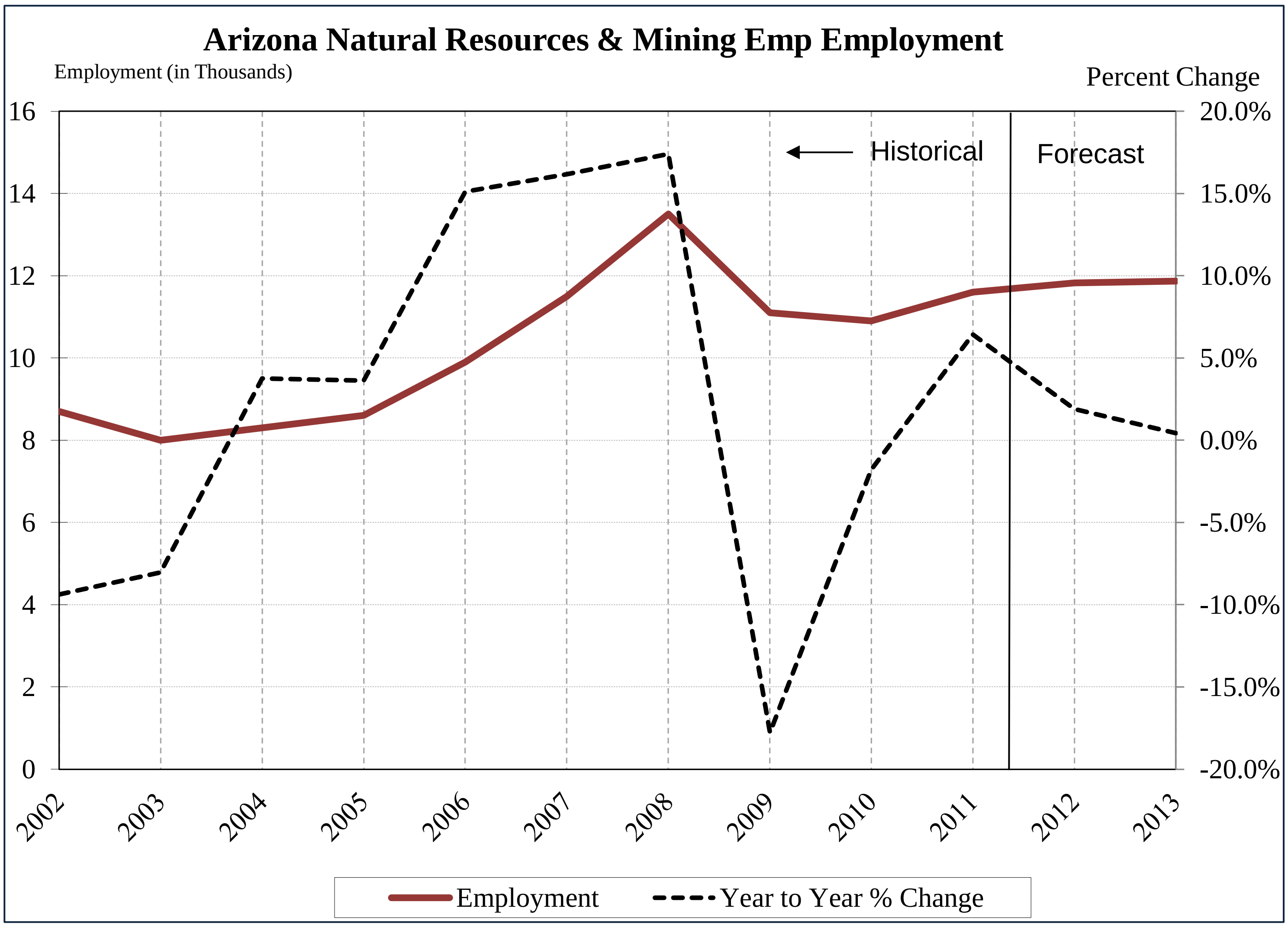


Figure 6

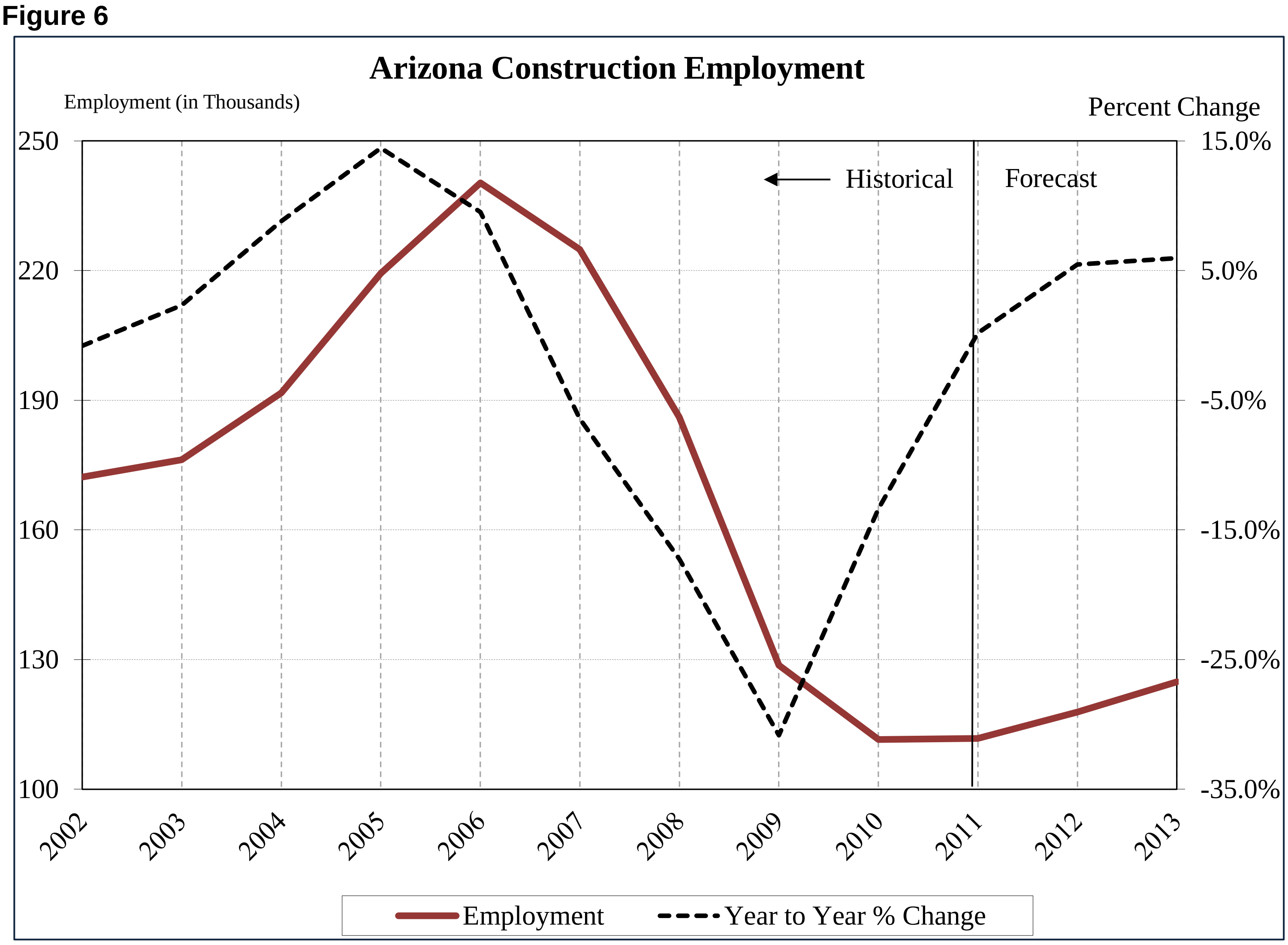


Figure 7

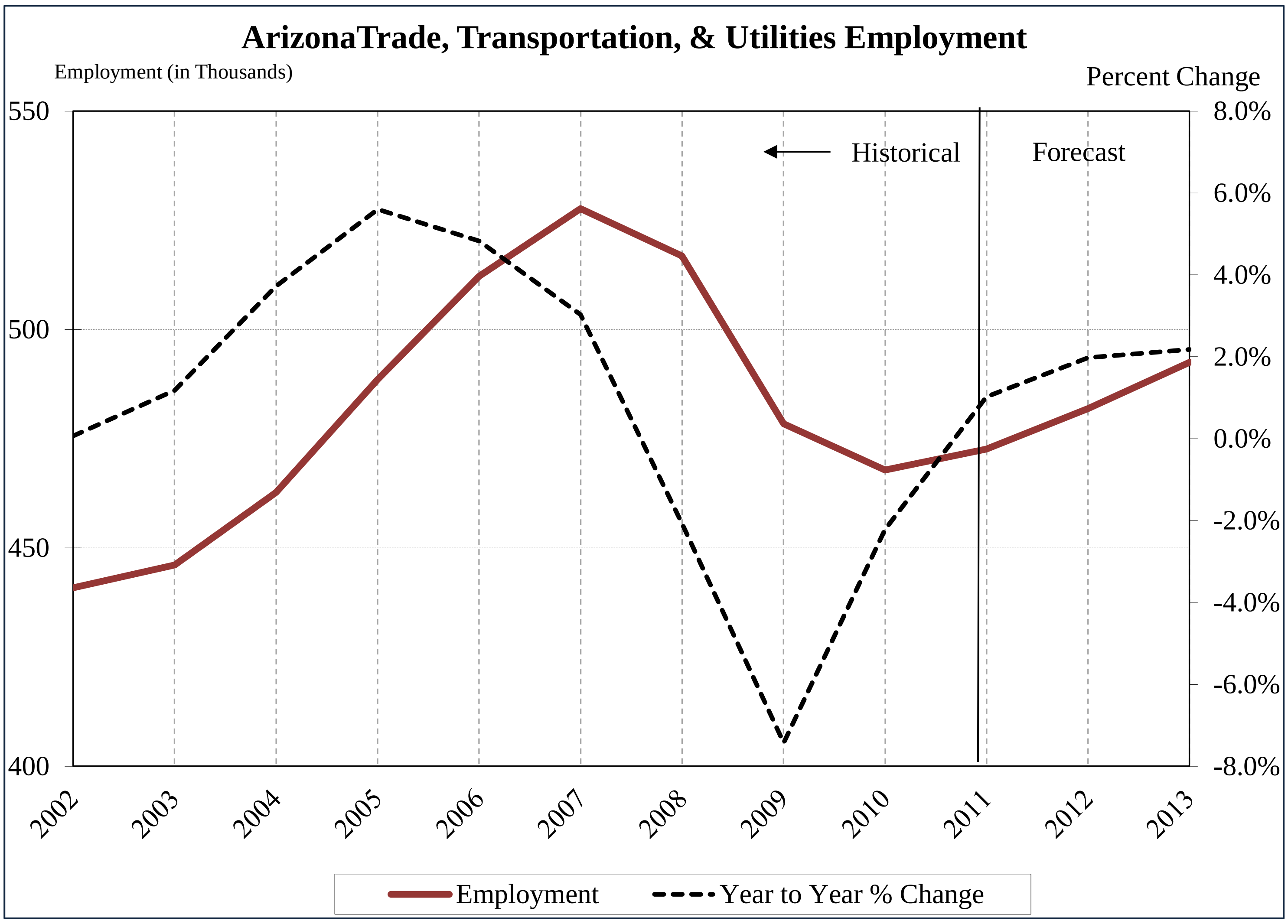


Figure 8

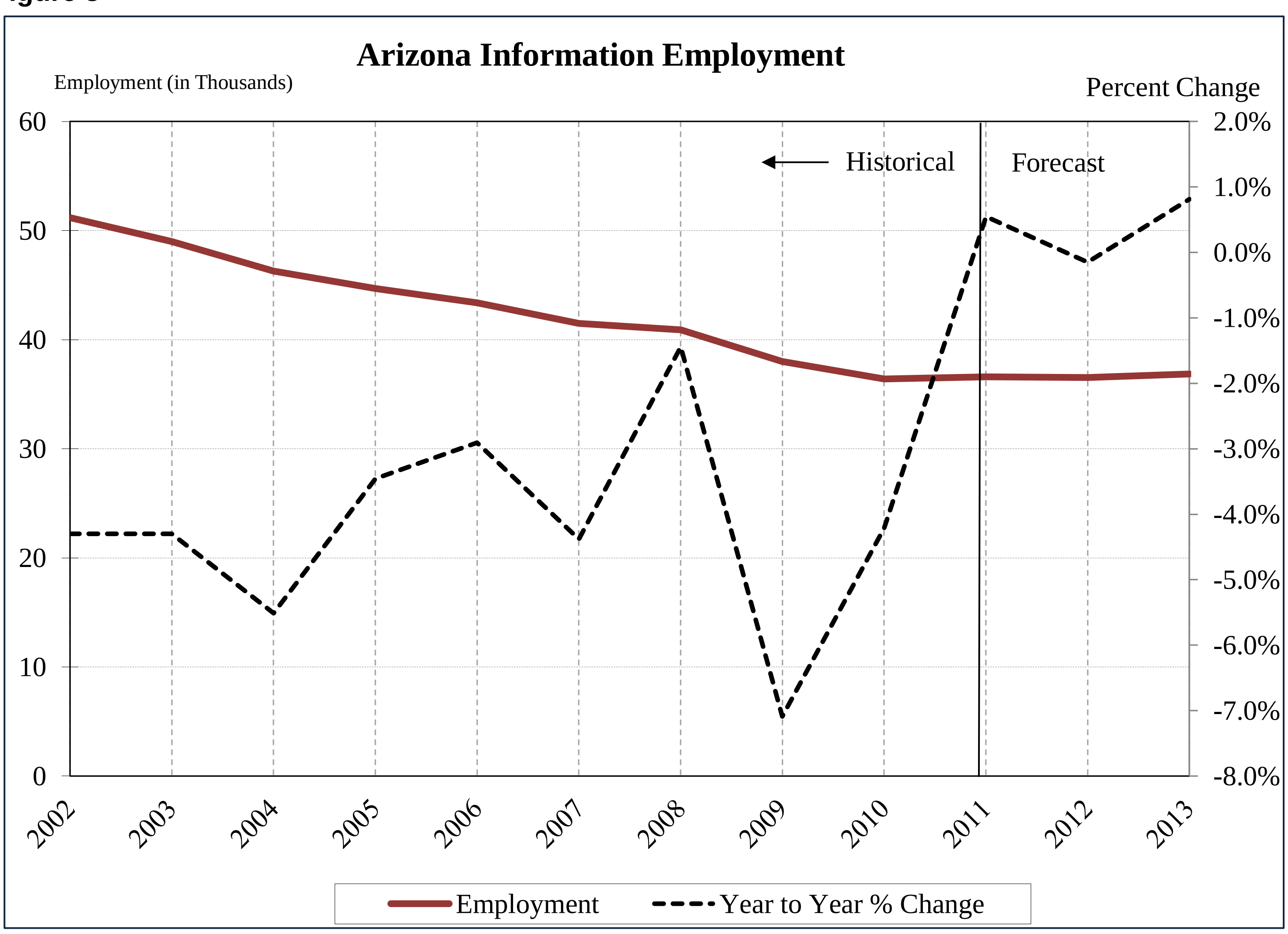


Figure 9

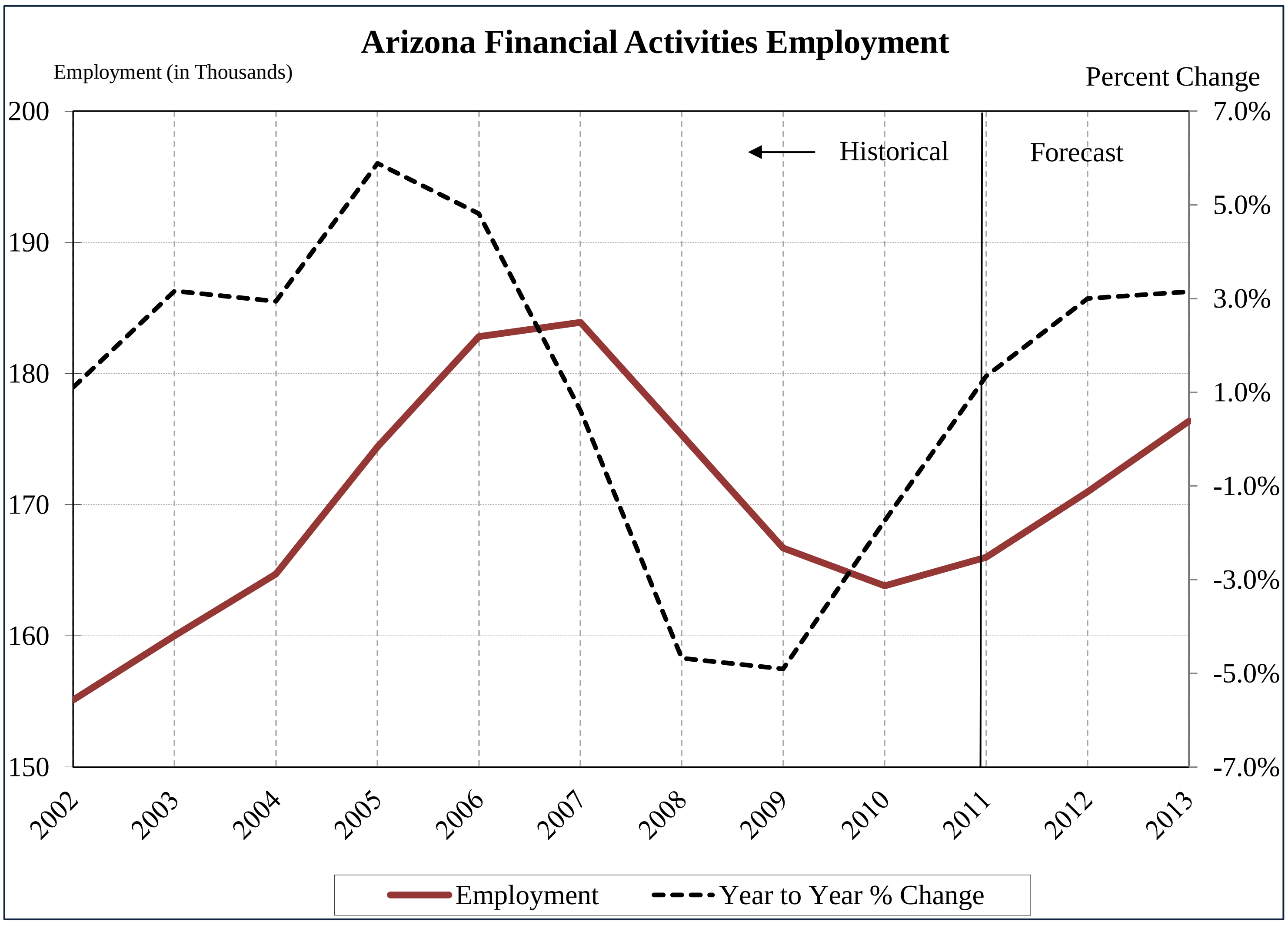


Figure 10

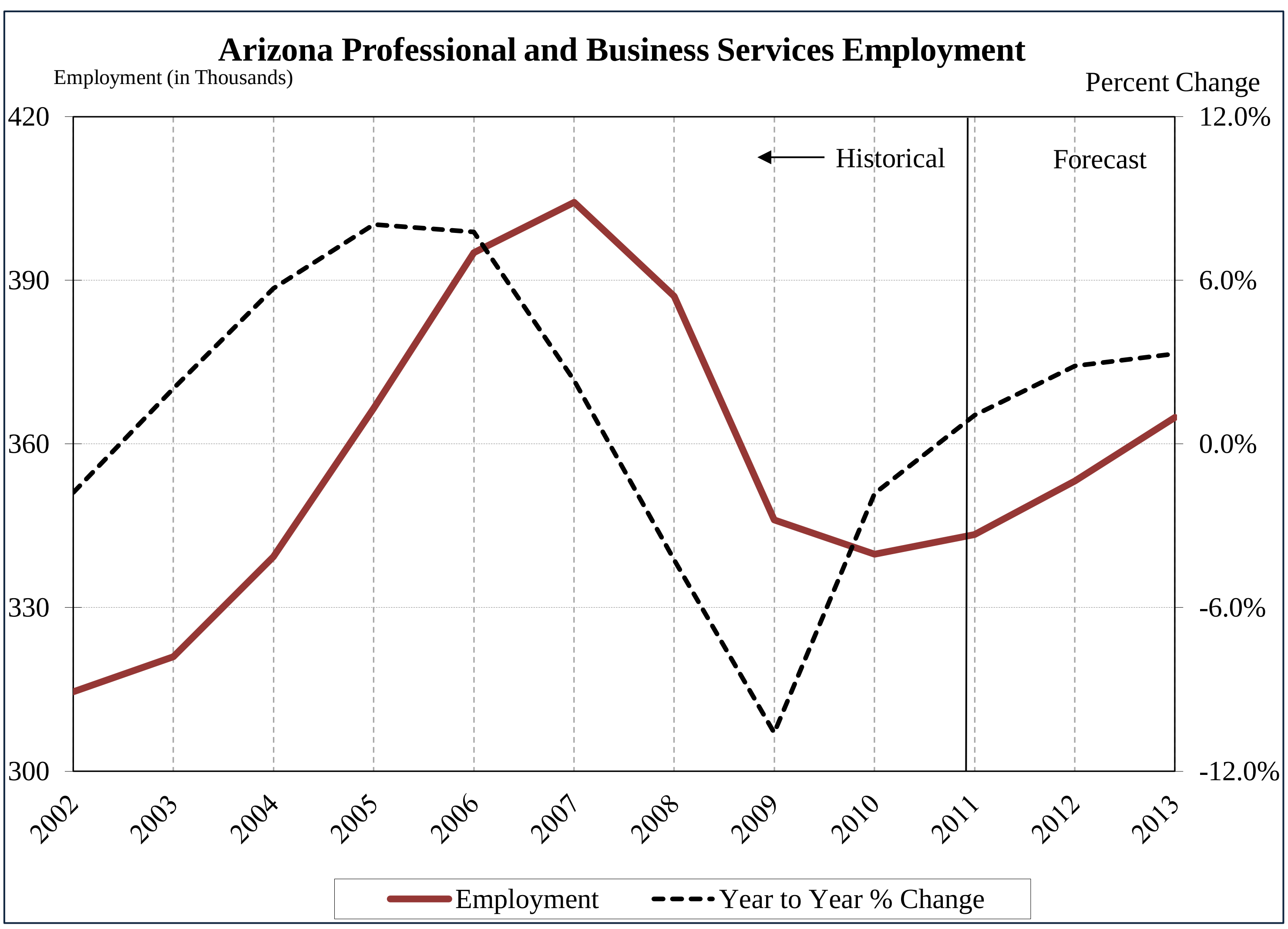


Figure 11

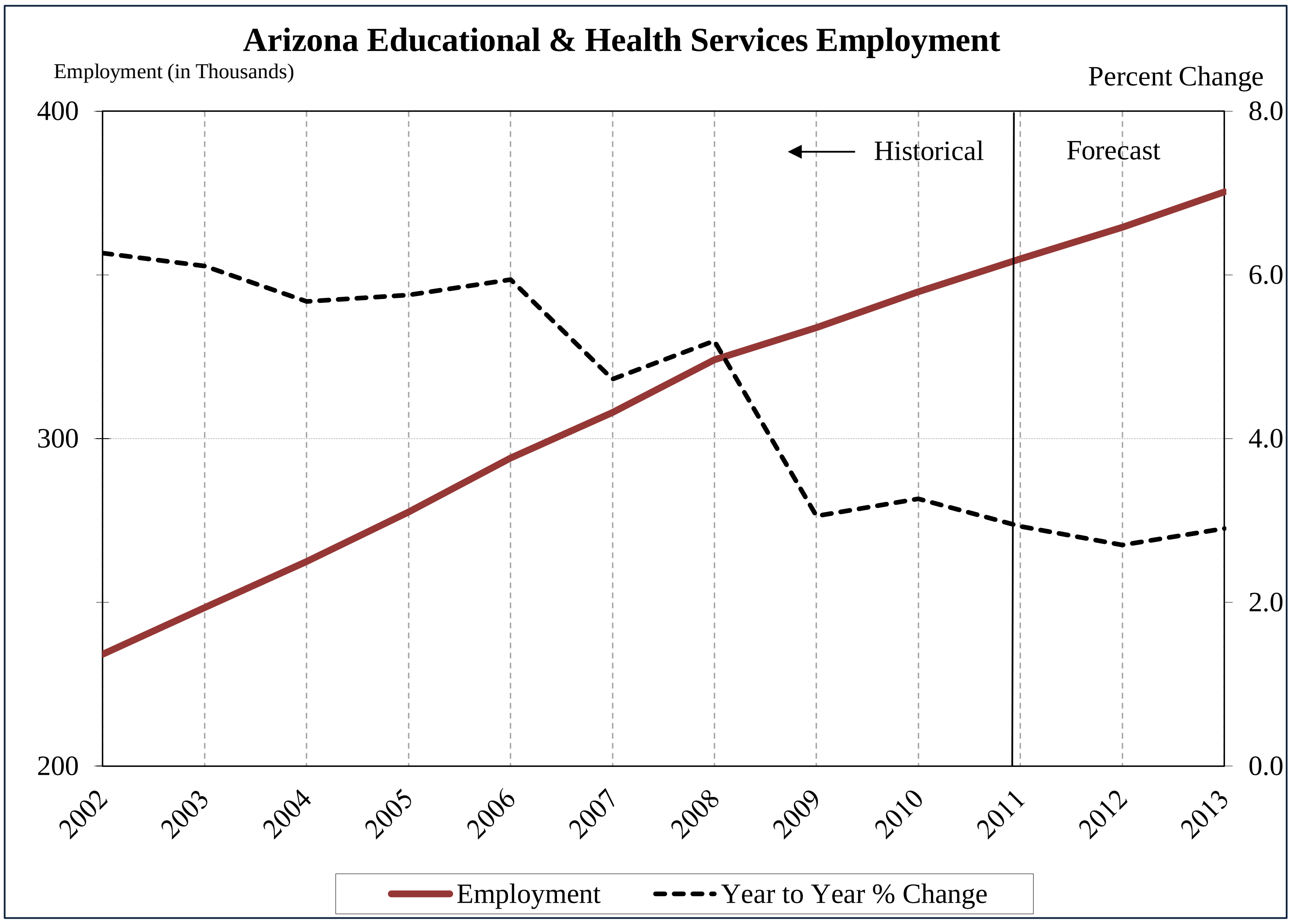


Figure 12

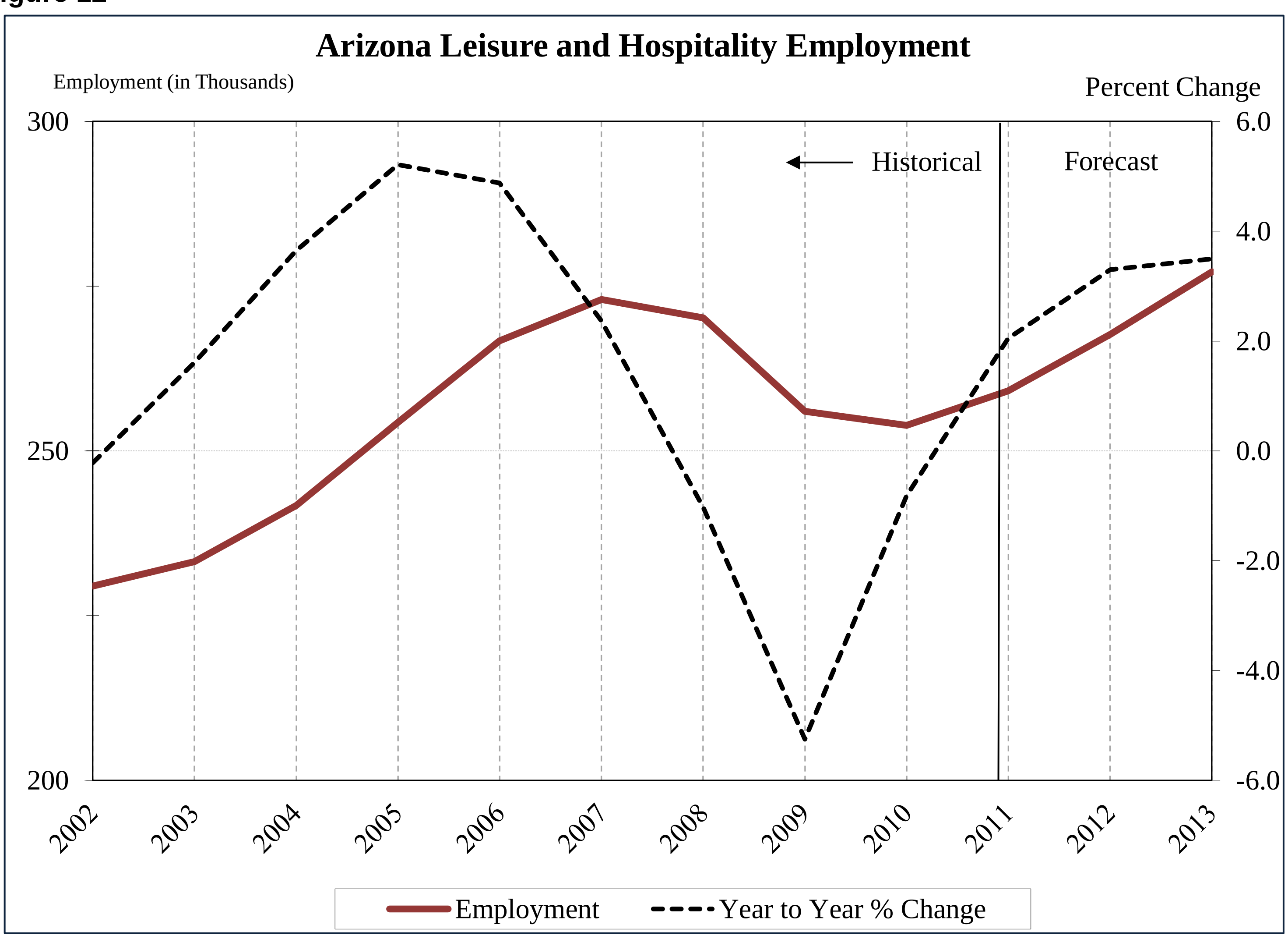


Figure 13

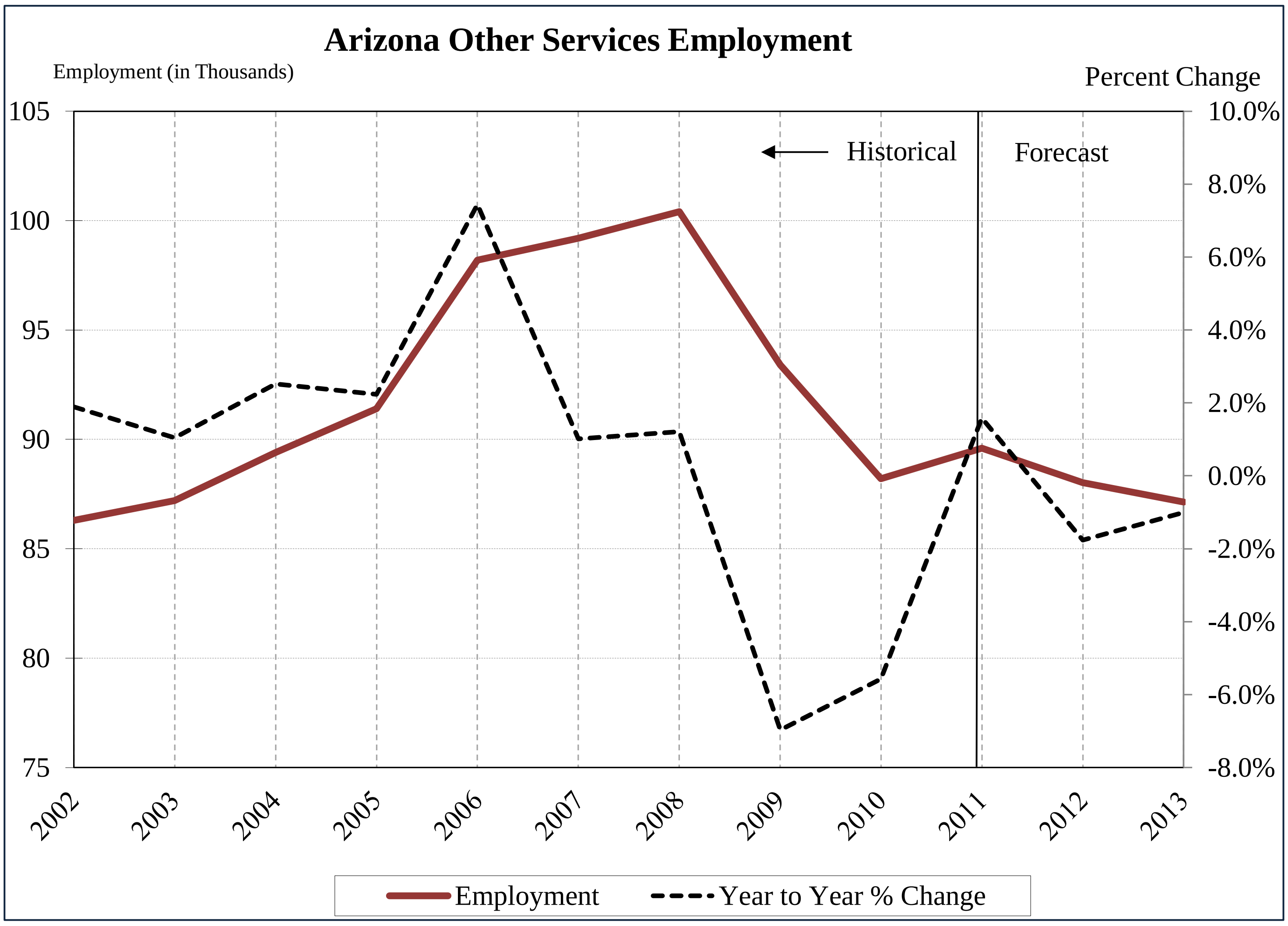
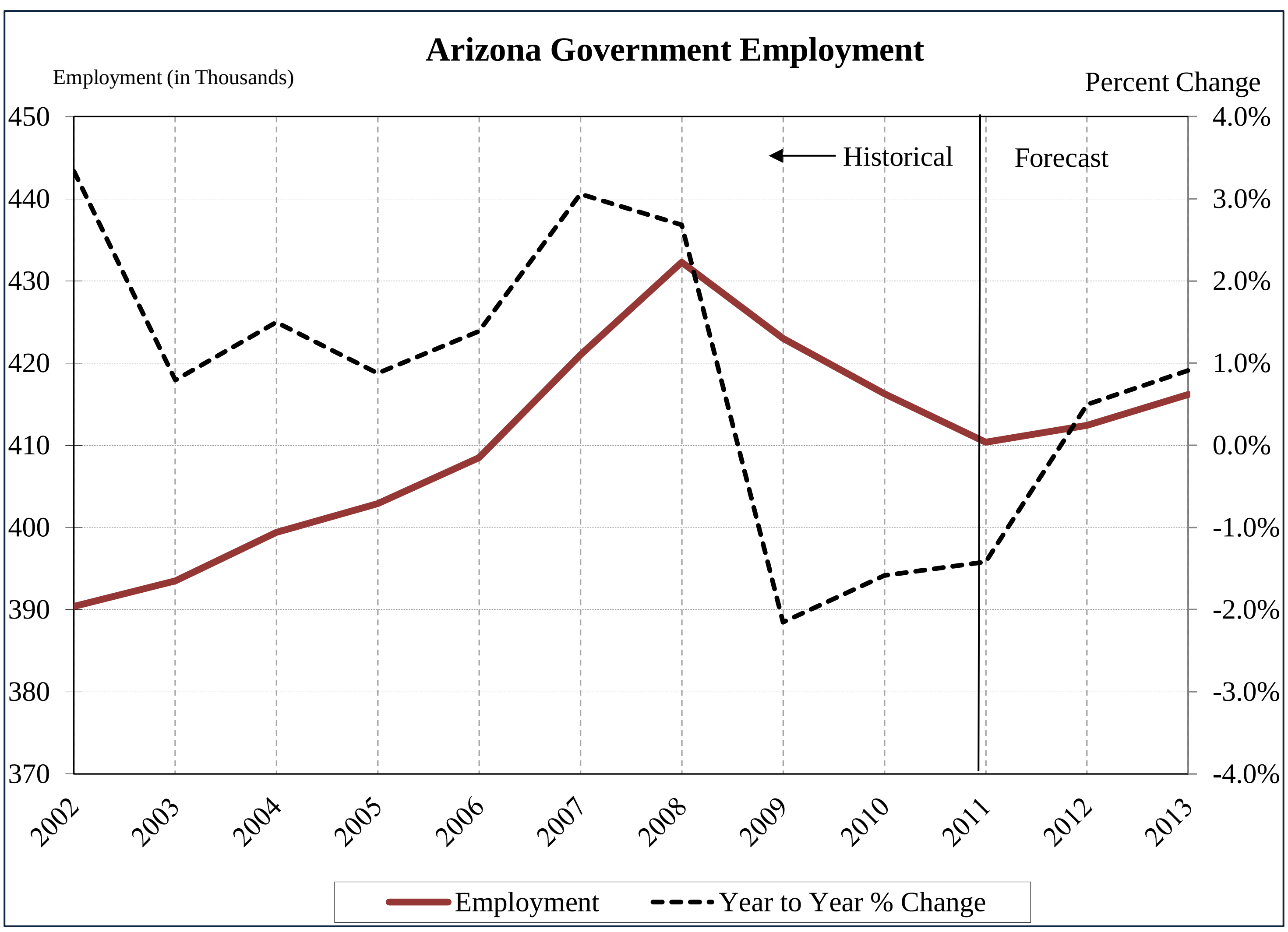


Figure 14



About This Publication

Arizona's Workforce is published 14 times a year by the State of Arizona Office of Employment and Population Statistics (EPS) — 12 times as the monthly Employment Report and twice a year as a two-year Forecast Report. EPS is the state agency responsible for labor market information and demographic data for the state of Arizona.

Next Release:

***October Employment Report**, Thursday, November 15, 2012, 10 am,*

***Location:** AZ Dept of Administration, 100 N. 15th Ave, Room 440, Phoenix, AZ*

Office of Employment and Population Statistics
Arizona Department of Administration

Aruna Murthy — Director of Economic Analysis
Frank Curtis — Director of Labor Statistics

On the web: www.azstats.gov

Phone: 602-771-2222

To be placed on the *Arizona Workforce* email distribution list, or to send feedback or questions, contact:

labor.info@azstats.gov

— Equal Opportunity Employer/Program —

Under Titles VI and VII of the Civil Rights Act of 1964 (Title VI & VII), and the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, the Department prohibits discrimination in admissions, programs, services, activities, or employment based on race, color, religion, sex, national origin, age, and disability. The Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service or activity. For example, this means if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the Department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. To request this document in alternative format or for further information about this policy, contact the Department of Economic Security, Division of Developmental Disabilities ADA Coordinator at 602 542-6825 ; TTY/TDD Services: 7-1-1.